



STEVE COOLEY
LOS ANGELES COUNTY DISTRICT ATTORNEY

18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

January 12, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT FIFTH YEAR GRANT FUNDS
FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE (CDI)
FOR THE DISABILITY AND HEALTHCARE INSURANCE FRAUD (DHIF) PROGRAM
FOR FISCAL YEAR (FY) 2009-10
(ALL DISTRICTS) (4 VOTES)**

SUBJECT

The Disability and Healthcare Insurance Fraud (DHIF) Program provides increased investigation and prosecution of fraudulent disability and healthcare insurance claims. The District Attorney is requesting approval to accept grant funds in the amount of \$655,000 for FY 2009-10.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the attached Resolution authorizing the District Attorney to accept grant funds for the DHIF Program from the State of California, Department of Insurance (CDI). Funds in the amount of \$655,000 have been awarded for the period of July 1, 2009 to June 30, 2010. The amount represents the FY 2009-10 grant award of \$612,000 and \$43,000 carryover funds approved by CDI from FY 2008-09. There is no required County match for this grant.
2. Authorize the District Attorney to execute the Grant Award Agreement (GAA) on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as Project Director and to sign and approve any revisions to the GAA that do not increase the Net County Cost of the Agreement.

4. Approve an appropriation adjustment to increase the District Attorney's budget in the amount of \$43,000 (Services and Supplies - \$43,000) for FY 2009-10. This amount represents the difference between the grant award of \$655,000 and the \$612,000 that was included in the District Attorney's FY 2009-10 Final Adopted Budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 15, 2009, the District Attorney's Office (DA) submitted an application to the CDI to continue funding for the DHIF Program in FY 2009-10. The DA was awarded \$612,000 for the period of July 1, 2009 to June 30, 2010.

In addition, FY 2008-09 had carryover funds in the amount of \$43,000 for use in FY 2009-10. Therefore, the total available funding from CDI for this program is \$655,000, of which \$612,000 was included in the DA's FY 2009-10 Final Adopted Budget. An appropriation adjustment for the difference of \$43,000 is needed in order to align the District Attorney's budget with the full amount awarded to the program.

The objective of the DA's DHIF Program is to identify, investigate and prosecute individuals and organized crime rings that fraudulently collect millions of dollars by billing for services not rendered, billing for more expensive services or procedures than actually provided (upcoding), performing medically unnecessary services, and misrepresenting non-covered treatments as medically necessary covered treatments for the purpose of obtaining insurance payments.

Board approval is required to accept grant funds and the CDI requires an approved resolution as part of the GAA. The attached resolution has been approved as to form by County Counsel and adoption of the resolution will satisfy County and State requirements.

Implementation of Strategic Plan Goals

Approval of the recommended actions is consistent with the Los Angeles County's Strategic Plan Goal No. 1, Operational Effectiveness, to maximize the effectiveness of the County's processes, structure, and operations to support timely delivery of customer-oriented and efficient public services; and Strategic Plan Goal No. 5, Public Safety, to ensure that the committed efforts of the public safety partners continue to maintain and improve the safety and security of the people of Los Angeles County.

FISCAL IMPACT/FINANCING

The total funding awarded to the DHIF Program for FY 2009-10 is \$655,000. The amount represents the FY 2009-10 grant award of \$612,000 and \$43,000 in approved carryover funding from FY 2008-09. There is no Net County Cost associated with this program.

The \$43,000 appropriation adjustment is the difference between the DHIF grant award amount of \$655,000 and the \$612,000 that was included in the District Attorney's FY 2009-10 Final Adopted Budget and the total allocation to the program. Approval of the appropriation adjustment will allocate funding of \$43,000 for Services and Supplies.

In light of the State's budget situation, if funding for this program were to be terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the provisions of §1872.85 of the California Insurance Code, the CDI is authorized to award and distribute certain funds to District Attorneys submitting plans approved by the Fraud Division for the increased investigation and prosecution of fraudulent disability and healthcare claims. The DA has been awarded funding for the DHIF Program for the past four years.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This program does not propose attorney staff augmentation. Therefore, the DA is not subject to the Board Motion of December 15, 1998, requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

CONCLUSION

Following Board approval, the Executive Officer-Clerk of the Board is requested to return two (2) copies of the adopted Board Letter, and two (2) copies of the executed Resolution to Ms. Emily Aidells, District Attorney's Office, 201 N. Figueroa Street, Suite 1300, Los Angeles, California 90012. Any questions may be directed to Ms. Aidells at (213) 202-7674.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "S.L. Cooley", with a large, stylized circular flourish at the end.

STEVE COOLEY
District Attorney

ea

Attachments

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

1 **BOARD OF SUPERVISORS**
2 **COUNTY OF LOS ANGELES**
3 **RESOLUTION**

4 Authorization to Accept a Grant Award from the
5 State of California, Department of Insurance
6 Pursuant to California Insurance Code
7 Chapter 12, commencing with § 1871, et seq.

8 **WHEREAS**, the provisions of § 1872.85 of the California
9 Insurance Code authorize the State of California, Department of Insurance to
10 award and distribute certain funds to District Attorneys submitting plans
11 approved by the Fraud Division for the increased investigation and
12 prosecution of fraudulent disability and healthcare insurance claims; and the
13 District Attorney is charged with providing prosecution of all felony offenses
14 committed within this County; and

15 **WHEREAS**, the Board of Supervisors of Los Angeles County
16 recognizes that fraudulent healthcare and disability insurance claims are costing
17 our citizens millions of dollars annually, as reflected in higher insurance premiums
18 and increased costs for medical services and equipment; and

19 **WHEREAS**, the County of Los Angeles, acting through its Board
20 of Supervisors, desires to combat disability and healthcare insurance fraud
21 by undertaking a certain project designated the "Disability and Healthcare
22 Insurance Fraud Program" by the District Attorney, to be funded pursuant to
23 the Insurance Fraud Prevention Act as provided in California Insurance Code
24 § 1872.85 and administered by the State of California, Department of
Insurance; and

25 **WHEREAS**, the State of California, Department of Insurance
26 approved the fraud reduction plan submitted by the Los Angeles County District

1 Attorney's Office for FY 2009-2010, for the Disability and Healthcare Insurance
2 Fraud Program.

3 **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors
4 of the County of Los Angeles hereby authorizes and approves acceptance of grant
5 funds from the State of California, Department of Insurance, to be used
6 exclusively for the program designated the "Disability and Healthcare Insurance
7 Fraud Program" for the period covering July 1, 2009 to June 30, 2010;

8 **BE IT FURTHER RESOLVED** that the County of Los Angeles
9 hereby authorizes the District Attorney to serve as Project Director and to
10 perform all further tasks necessary for the completion of the project, including
11 any extensions, execution and submission of amendments, progress reports,
12 and payment requests relating to the Grant Award Agreement;

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1 I DO HEREBY CERTIFY that at a regular meeting of the Board of
2 Supervisors of the County of Los Angeles, on this _____ day of
3 _____, 2010, the foregoing Resolution was adopted.

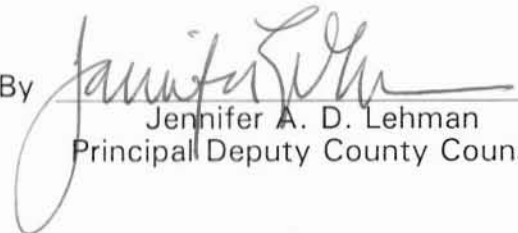
4 IN WITNESS WHEREOF, I have hereunto set my hand and
5 affixed the seal of the Board of Supervisors of the County of Los Angeles
6 this _____ day of _____, 2010.

7
8 County of Los Angeles

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10 By _____
11 Chair, Board of Supervisors

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13 APPROVED AS TO FORM
14 BY ACTING COUNTY COUNSEL:

15 ROBERT KALUNIAN

16
17 By  _____
18 Jennifer A. D. Lehman
19 Principal Deputy County Counsel

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF DISTRICT ATTORNEY'S OFFICE

DEPT'S.
NO. 370

December 16, 2009

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2009-2010

4 - VOTES

SOURCES

District Attorney
A01 - DA - 88 - 8831 - 14030
State - Other \$43,000
Increase Revenue

USES

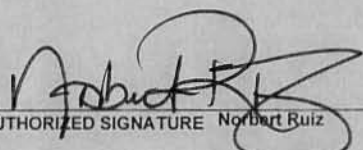
District Attorney
A01 - DA - 2000 - 14030
Services & Supplies \$43,000
Increase Appropriation

SOURCES TOTAL: \$ 43,000

USES TOTAL: \$ 43,000

JUSTIFICATION

This Budget Adjustment allocates the unbudgeted revenue from the State of California, Department of Insurance for the Disability and Healthcare Insurance Fraud (DHIF) Program. The additional appropriation will provide sufficient funds required to successfully implement the program.


 AUTHORIZED SIGNATURE Norbert Ruiz

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

B.A. NO. 077

 BY Karen Shukuma
Dec 29 20 09
☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

 BY Shaul W. [Signature]
December 29 20 09

Los Angeles County Chief Executive Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description: **Disability and Healthcare Insurance Fraud Program**

The objective of this program is to enhance the criminal investigation and prosecution of fraudulent disability and healthcare insurance claims in Los Angeles County. These grant funds will allow the District Attorney's Office to successfully implement this program and reduce disability and healthcare insurance fraud through collaborative efforts with the State of California, Department of Insurance (CDI) and local law enforcement agencies.

Funding Agency
California Department of Insurance

Program (Fed. Grant # /State Bill or Code #)
California Insurance Code §1872.85

Grant Acceptance Deadline

Total Amount of Grant Funding: \$655,000

County Match: \$0

Grant Period: FY 2009-2010 **Begin Date:** July 1, 2009

End Date: June 30, 2010

Number of Personnel Hired Under This Grant: 11

Full Time: 7 **Part Time:** 4

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

b). Identify other revenue sources Yes ☐ No ☒
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature _____

S.L.C.

Date 12/23/09